

Message Text

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PAGE 01 SINGAP 01708 150041Z
ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 STR-07 /070 W
-----023961 151720Z /50

R 141140Z APR 78
FM AMEMBASSY SINGAPORE
TO SECSTATE WASHDC 68
INFO AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA

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E.O. 11652: N/A
TAGS: EINV, ETRD, ASEAN
SUBJECT: FOREIGN INVESTMENT IN ASEAN

1. SUMMARY: INTERIM EXECUTIVE DIRECTOR OF WORKING GROUP
ON INDUSTRIAL COMPLEMENTATION OF ASEAN CCI HAS WRITTEN PAPER
IN WHICH HE SETS FORTH PROPOSED GUIDELINES THAT IF ADOPTED WOULD
SERIOUSLY LIMIT SCOPE FOR PRIVATE FOREIGN INVESTMENT IN ASEAN.
HIGH-LEVEL GOS OFFICIAL CONFIRMS THAT GUIDELINES MENTIONED ARE
TOTALLY CONTRARY TO GOS INVESTMENT POLICY. END SUMMARY.

2. AMBASSADOR AND SEVERAL SENIOR AMERICAN BUSINESSMEN IN SIN-
GAPORE RECENTLY PARTICIPATED IN BUSINESS INTERNATIONAL SEMINAR
AT PENANG, TO WHICH RICARDO GUEVARA, PRESIDENT OF MARIA CRISTINA
CHEMICAL INDUSTRIES AND INTERIM EXECUTIVE DIRECTOR OF WORKING
GROUP ON INDUSTRIAL COMPLEMENTATION OF ASEAN CCI, SUBMITTED
PAPER ON FIREIGN INVESTORS' ROLE IN ASEAN. PAPER GOES OVER DE-
VELOPMENT THUS FAR OF ASEAN PRIVATE SECTOR INSTITUTIONS AND
GIVES VERY UP-BEAT VIEW OF PROSPECTS FOR THEIR FUTURE AND OF
INDUSTRIAL COMPLEMENTATION SCHEME. IT ALSO CONTAINS SOME RATHER
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DOWN-BEAT VIEWS ON ROLE OF FOREIGN PRIVATE INVESTMENT IN ASEAN.
IT QUOTES, FOR EXAMPLE, FROM THE GUIDELINES ON INDUSTRIAL
COMPLEMENTATION ADOPTED BY ASEAN-CCI AND SUBMITTED TO COMMITTEE
ON INDISTRY, MINERALS AND ENERGY (COIME) OF ASEAN ECONOMIC MINIS-
TERS FOR GOVERNMENTS' CONSIDERATION:

"PRIORITY SHALL BE GIVEN TO INTERESTED ASEAN NATIONAL INVES-

TORS WITH EQUAL CAPABILITIES AND NON-ASEAN CAPITAL SHOULD, IN PRINCIPLE, NOT CONSTITUTE THE MAJORITY OF THE CAPITAL OF THE ASEAN INDUSTRIAL COMPLEMENTATION PROJECT."

"MANAGEMENT AND OWNERSHIP OF ASEAN INDUSTRIAL COMPLEMENTATION PROJECTS SHALL, IN PRINCIPLE, REMAIN WITH ASEAN NATIONALS AT ALL TIMES AND MECHANISMS TO AVOID COMPLIANCE WITH THIS STIPULATION SUCH AS NOMINEE HOLDINGS, VOTING TRUSTS, ETC. SHOULD BE DISALLOWED."

PAPER GOES ON TO SAY THAT MUCH OF SUBSTANCE OF FOREGOING GUIDELINES IS EXPECTED TO BE INCORPORATED BY COIME IN ASEAN AGREEMENT ON GUIDELINES.

3. PAPER ALSO OBSERVES THAT "IT WOULD SEEM THAT THE FOREIGN INVESTOR WILL FACE A SHRINKING WORLD OF CONTROL OVER INDUSTRIES THAT ARE ALREADY ESTABLISHED AND PROLIFERATING IN THE REGION. INVESTMENT OPPORTUNITIES FOR FOREIGNERS WOULD BE IN LINES OF BUSINESS THAT REQUIRE TECHNOLOGY NOT YET AVAILABLE, THOSE REQUIRING MASSIVE CAPITAL THAT ASEAN NATIONALS ARE NOT PREPARED TO INVEST, AND THOSE THAT SUPPLY EXTERNAL EXPORT MARKETS." COPY OF PAPER BEING POUCHED TO ALL ADDRESSEES.

4. ACTING CHAIRMAN LOVE OF SINGAPORE AMERICAN BUSINESS COUNCIL CALLED ON NGIAM TONG DOW, CHAIRMAN OF ECONOMIC DEVELOPMENT BOARD ON APRIL 10. LOVE EXPRESSED CONCERN THAT ASEAN-LIMITED OFFICIAL USE

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CCI SHOULD MAKE SUCH PROPOSALS TO COIME AND HOPE THAT GOS WILL TAKE STRONG STAND TO PREVENT THEIR ADOPTION. HE NOTED THAT SUCH PROVISIONS WOULD BE TOTALLY CONTRARY TO GOS INVESTMENT POLICIES BUT THAT FACT THEY ARE EVEN CONSIDERED BY COIME WILL HAVE NEGATIVE EFFECT ON U.S. FIRMS CONTEMPLATING INVESTMENT IN ASEAN COUNTRIES. NGIAM ENTIRELY AGREED. HE SAID THAT GOS HAS NEVER FAVORED INDUSTRIAL COMPLEMENTATION SCHEME, WHICH HE ATTRIBUTED TO PHILIPPINE GOVERNMENT AND SECRETARY PATERNO IN PARTICULAR. HE ALSO SUGGESTED THAT PHILIPPINE PRIVATE SECTOR HAS ALWAYS SOUGHT MONOPOLY, AND INDUSTRIAL COMPLEMENTATION SCHEME IS DESIGNED TO SHARE OUT INDUSTRIES TO AVOID COMPLETION. THIS IS TOTALLY CONTRARY TO GOS FREE MARKET, FREE ENTERPRISE POLICY, AND GOS WOULD NEVER ACCEPT GUIDELINES THAT INFRINGED ON THIS POLICY.

5. LOVE NOTED THAT PROPOSED GUIDELINES WERE TO BE CONSIDERED APRIL 11 BY COIME AND HOPED THAT GOS WOULD REACT STRONGLY AGAINST PROPOSED GUIDELINES. NGIAM SAID THAT GOS REP TO MEETINGS, DANIEL SAVARATHAM, COULD BE COUNTED ON TO DEFEND GOS VIEWS ON THIS SUBJECT.

6. POST POUCHING COPIES OF GUEVARA'S PAPER TO DEPARTMENT AND

OTHER ADDRESSEE POSTS.

HOLDRIDGE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, REGIONAL ORGANIZATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978SINGAP01708
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780162-0911
Format: TEL
From: SINGAPORE
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1978/newtext/t19780454/aaaabtxi.tel
Line Count: 118
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 029701b0-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2961532
Secure: OPEN
Status: NATIVE
Subject: FOREIGN INVESTMENT IN ASEAN
TAGS: EINV, ETRD, ASEAN
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/029701b0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014